CITY OF SALAMANCA, NEW YORK

Basic Financial Statements and Required Supplementary Information for the Year Ended March 31, 2023 and Independent Auditors' Reports

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Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Common Council
City of Salamanca, New York

Report on the Audit of the Financial Statements

Disclaimer of Opinions

We have engaged to audit the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salamanca, New York (the "City), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the City. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

The scope of our audit was limited due to the inadequacy of accounting records and there were various account balances that were unsubstantiated and additional account balances that remained unchanged from the prior year. As of the date of our audit report, management is still in the process of correcting the accounting records. We were unable to confirm or verify, by performing other audit procedures, the balances of multiple accounts as of and for the year ended March 31, 2023. As a result of these matters, were unable to determine whether any adjustments might have been found necessary to the multiple elements making up the statement of net position, statement of activities, the balance sheet for governmental funds, the statement of revenues, expenditures, and changes in fund balance for governmental funds, statement of net position for proprietary funds, the statement of revenues, expenses, and changes in net position for the proprietary funds, the statement of cash flows for the proprietary funds, the statement of fiduciary net position for the Custodial Fund, the statement of changes of fiduciary net position for the Custodial Fund, the notes to the financial statements, nor the required supplementary information as listed in the table of contents.

Management's Responsibility for the Financial Statement

The City's Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility

Our responsibility is to conduct an audit of City's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we

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were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

R.A Mercer & Co., P.C.

R.A. Mercer & Co., P.C.

December 9, 2025

CITY OF SALAMANCA, NEW YORK
Management's Discussion and Analysis
Year Ended March 31, 2023

As management of the City of Salamanca, New York (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2023. This document should be read in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the City's primary government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended March 31, 2023 by $52,267,401 (*net position*). This consists of $29,380,293 net investment in capital assets, $200,352 restricted for specific purposes, and unrestricted net position of $22,686,756.
- The City's total primary government net position increased by $7,259,950 during the year ended March 31, 2023. Net position increased by $6,124,461 and $1,135,489 for governmental activities and business-type activities, respectively, during the year ended March 31, 2023.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $23,843,608, an increase of $5,310,469 in comparison with the prior year's fund balance of $18,533,139.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was $16,941,777. This total amount is *available for spending* at the City's discretion and constitutes approximately 92.1 percent of the General Fund's total fund balance of $18,398,179.
- The City's governmental activities' bonds payable decreased $151,655 from scheduled principal payments. The City's business-type activities' bonds payable decreased $430,480 from scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flow*s. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and other fiscal charges. The business-type activities of the City include water, sewer and electric funds.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Salamanca Industrial Development Agency and the Salamanca Housing Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found in this report as indicated on the report's table of contents.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

> ***Governmental funds****—Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.
>
> Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activitie*s.
>
> The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Economic Development Fund, which are considered major funds.

The basic governmental fund financial statements can be found in this report as indicated on the report's table of contents.

Proprietary funds—The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, and Electric Fund.

The proprietary fund financial statements can be found in this report as indicated on the report's table of contents.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found in this report as indicated on the report's table of contents.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in this report as indicated on the report's table of contents.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's net pension liability, the changes in the City's total other postemployment benefits ("OPEB") liability, and the City's budgetary comparison for the General Fund. Required Supplementary Information and related notes to the required supplementary information can be found in this report as indicated on the report's table of contents.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the City's financial position. In the case of the City's primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $52,267,401 at the close of the most recent fiscal year, as compared to $45,007,451 at the close of the fiscal year ended March 31, 2022.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 24,695,896	19,553,425	2,813,621	2,150,311	27,509,517	21,703,736
Noncurrent assets	17,011,303	16,776,542	13,373,605	13,110,553	30,384,908	29,887,095
Total assets	41,707,199	36,329,967	16,187,226	15,260,864	57,894,425	51,590,831
Deferred outflows of resources	4,632,720	4,877,282	808,613	1,199,387	5,441,333	6,076,669
Current and other liabilities	727,909	895,907	982,210	919,119	1,710,119	1,815,026
Noncurrent liabilities	1,769,657	2,979,288	823,091	1,324,617	2,592,748	4,303,905
Total liabilities	2,497,566	3,875,195	1,805,301	2,243,736	4,302,867	6,118,931
Deferred inflows of resources	5,504,442	5,118,604	1,261,048	1,422,514	6,765,490	6,541,118
Net position:						
Net investment in capital assets	16,826,342	16,439,926	12,553,951	12,109,964	29,380,293	28,549,890
Restricted	111,122	111,122	89,230	89,169	200,352	200,291
Unrestricted	21,400,447	15,662,402	1,286,309	594,868	22,686,756	16,257,270
Total net position	$ 38,337,911	32,213,450	13,929,490	12,794,001	52,267,401	45,007,451

The largest portion of the City's primary government net position, $29,380,293, reflects its investment in capital assets (e.g. land, buildings and building improvements, infrastructure and machinery and equipment) net of accumulated depreciation, less any related debt used to acquire these assets. The City uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's primary government net position, $200,352, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining component of primary government net position, $22,686,756, is considered to be unrestricted.

Table 2, as presented below shows the changes in net position for the years ended March 31, 2023 and March 31, 2022.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Year Ended March 31,		Year Ended March 31,		Year Ended March 31,	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 1,192,728	701,148	9,126,597	8,884,154	10,319,325	9,585,302
Operating grants and contributions	573,811	569,082	-	-	573,811	569,082
General revenues	13,388,062	8,475,163	175,816	83,102	13,563,878	8,558,265
Total revenues	15,154,601	9,745,393	9,302,413	8,967,256	24,457,014	18,712,649
Program expenses	9,030,140	9,708,433	8,166,924	8,097,031	17,197,064	17,805,464
Excess (deficiency) of revenues over expenses	6,124,461	36,960	1,135,489	870,225	7,259,950	907,185
Transfers	-	(36,402)	-	36,402	-	-
Change in net position	6,124,461	558	1,135,489	906,627	7,259,950	907,185
Net position—beginning	32,213,450	32,212,892	12,794,001	11,887,374	45,007,451	44,100,266
Net position—ending	$38,337,911	32,213,450	13,929,490	12,794,001	52,267,401	45,007,451

Governmental activities—Governmental activities increased the City's net position by $6,124,461. Overall revenues increased 55.5 percent from the prior year. Total expenses decreased 7.0 percent from the prior year largely due to decreases in the pension expense allocated to the City.

A summary of sources of revenues for the years ended March 31, 2023 and March 31, 2022 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended March 31,		Increase/(decrease)	
	2023	2022	Dollars	Percent
Charges for services	$ 1,192,728	701,148	491,580	70.1
Operating grants and contributions	573,811	569,082	4,729	0.8
Real property taxes and tax items	2,124,027	1,996,123	127,904	6.4
State aid—unrestricted	11,010,117	6,379,863	4,630,254	72.6
Other general revenues	253,918	99,177	154,741	156.0
Total revenues	$ 15,154,601	9,745,393	5,409,208	55.5

The most significant sources of revenues for the year ended March 31, 2023 were state aid—unrestricted of $11,010,117, or 72.7 percent of total governmental activities revenues, real property taxes and tax items of $2,124,027, or 14.0 percent of total governmental activities revenues, and charges for services of $1,192,728, or 7.9 percent of total governmental activities revenues. The most significant sources of revenues for the year ended March 31, 2022 were state aid—unrestricted of $6,379,863, or 65.5 percent of total governmental activities revenues, real property taxes and tax items of $1,996,123, or 20.5 percent of total governmental activities revenues, and charges for services of $701,148, or 7.2 percent of total governmental activities revenues.

A summary of program expenses for the years ended March 31, 2023 and March 31, 2022 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended March 31,		Increase/(decrease)	
	2023	2022	Dollars	Percent
General government support	$ 1,365,046	1,292,388	72,658	5.6
Public safety	4,460,658	4,991,448	(530,790)	(10.6)
Health	96,914	349,641	(252,727)	(72.3)
Transportation	2,185,793	1,980,793	205,000	10.3
Economic assistance and opportunity	162,205	169,157	(6,952)	(4.1)
Culture and recreation	680,835	818,471	(137,636)	(16.8)
Home and community services	68,483	92,719	(24,236)	(26.1)
Interest and fiscal charges	10,206	13,816	(3,610)	(26.1)
Total program expenses	$ 9,030,140	9,708,433	(678,293)	(7.0)

The most significant expense items for the year ended March 31, 2023 were public safety of $4,460,658, or 49.4 percent of total governmental activities expenses, transportation of $2,185,793, or 24.2 percent of total governmental activities expenses, and general government support of $1,365,046, or 15.1 percent of total governmental activities expenses. Similarly, the most significant expense items for the year ended March 31, 2022 were public safety of $4,991,448, or 51.4 percent of total governmental activities expenses, transportation of $1,980,793, or 20.4 percent of total governmental activities expenses, and general government support of $1,292,388, or 13.3 percent of total governmental activities expenses.

Business-type activities—Business-type activities increased the City's net position by $1,135,489 due to operating revenues exceeding operating expenses.

Operating revenues relating to the City's business-type activities increased by 2.7 percent and operating expenses increased by 0.9 percent for the year ended March 31, 2023 from the year ended March 31, 2022.

A summary of sources of operating revenues and expenses for the City's business-type activities for the years ended March 31, 2023 and March 31, 2022 is presented in Table 5 below.

Table 5—Summary of Operating of Revenues and Expenses—Business-type Activities

	Year Ended March 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Operating revenues:				
Charges for services	$ 8,975,140	8,860,159	114,981	1.3
Rent	151,457	23,995	127,462	531.2
Total operating revenues	9,126,597	8,884,154	242,443	2.7
Operating expenses:				
Personnel services	1,525,329	1,434,930	90,399	6.3
Taxes and assessments on municipal property	9,365	8,867	498	5.6
Depreciation	258,274	594,766	(336,492)	(56.6)
Sanitary sewers	46,891	54,277	(7,386)	(13.6)
Sewage	163,483	140,742	22,741	16.2
Administration	74,107	167,845	(93,738)	(55.8)
Source of supply, power and pumping	65,693	49,651	16,042	32.3
Transportation and distribution	119,041	11,822	107,219	906.9
Electric and power	5,301,748	4,887,385	414,363	8.5
Employee benefits	403,365	547,875	(144,510)	(26.4)
Total operating expenses	7,967,296	7,898,160	69,136	0.9
Nonoperating revenues (expenses)	(23,812)	(115,769)	91,957	(79.4)
Transfers in (out)	-	36,402	(36,402)	(100.0)
Change in net position	1,135,489	906,627	228,862	25.2
Net position—beginning	12,794,001	11,887,374		
Net position—ending	$ 13,929,490	12,794,001		

The City's business-type activities' most significant expense items for the year ended March 31, 2023 were electric and power, which accounted for $5,301,748, or 66.5 percent of total operating expenses and personnel services which account for $1,525,329, or 19.1 percent of total operating expenses. Similarly, for the year ended March 31, 2022, the most significant expense items were electric and power, which accounted for $4,887,385, or 61.9 percent of total operating expenses and personnel services which account for $1,434,930, or 18.2 percent of total operating expenses.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds—The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or

a group or individual that has been delegated authority to assign resources for particular purposes by the City Common Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $23,843,608, an increase of $5,310,469 in comparison with the prior year's fund balance of $18,533,139. Approximately 71.1 percent of this amount, $16,941,777, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, $370,975, 2) committed for a specific purpose, $141,777, 3) restricted for a specific purpose, $111,122, or 3) assigned for a particular purpose, $6,277,957.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $16,941,777, while total fund balance was $18,398,179. The General Fund fund balance increased $5,301,646 from the prior year due to increased sales tax revenue and less transportation costs than expected and, mainly, due to an increase in revenue driven by the receipt of the Compact Aid revenue from New York State. As a measure of the General Fund's liquidity, it may be useful to compare both *unassigned fund balance* and total fund balance to total expenditures and transfers out. *Unassigned fund balance* represents 172.1 percent of General Fund expenditures and transfers out, while total fund balance represents 186.9 percent of that same amount.

During the year ended March 31, 2023, the City's Economic Development Fund fund balance increased by $8,823 from the prior year, resulting in an ending fund balance of $5,445,429, all of which is reported as fund balance assigned for specific use.

Proprietary funds—The City's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The net position of the proprietary funds at the end of the current fiscal year totaled $13,929,490. The Water Fund net position increased by $488,418, the Sewer Fund net position increased by $562,603 and the Electric Fund net position increased by $84,468. The Water Fund, Sewer Fund and Electric Fund net position increased primarily as a result of operating revenues exceeding operating expenses.

General Fund Budgetary Highlights

The City's General Fund budget generally contains budget transfers during the year. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriation of fund balance. A budgetary comparison schedule for the General Fund has been provided in the Required Supplementary Information section of this report to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended March 31, 2023 is presented in Table 6 below:

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues and other financing sources	$ 6,127,074	6,127,074	15,143,190	9,016,116
Expenditures and other financing uses	11,736,453	11,736,453	9,841,544	1,894,909
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	$ (5,609,379)	(5,609,379)	5,301,646	10,911,025

Original budget compared to final budget—During the year, the budget is modified, primarily to reflect the acceptance of new state grants and unanticipated expenditures.

Final budget compared to actual results—The General Fund had a favorable variance from final budgetary appropriations of $1,894,909, the most significant variances were realized in transportation and transfers out due to construction projects budgeted for but not started during the fiscal year. Revenues had a variance of $9,016,116 as during the year ended March 31, 2023 the City received Compact Aid revenue from New York State in the amount of approximately $9.5 million which was not budgeted for.

Capital Assets and Debt Administration

Capital assets—The City's investment in capital assets for its governmental and business-type activities as of March 31, 2023 amounted to $30,015,171 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, infrastructure and machinery and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the City's capital asset policy.

Capital assets net of depreciation for the governmental activities and business-type activities at March 31, 2023 and March 31, 2022 are presented in Table 7 below:

Table 7—Summary of Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2023	2022	2023	2022	2023	2022
Land	$ 3,149,369	3,149,369	83,980	83,980	3,233,349	3,233,349
Buildings and building improvements	2,587,414	2,171,119	10,439,215	10,595,603	13,026,629	12,766,722
Infrastructure	9,851,640	9,969,777	-	-	9,851,640	9,969,777
Machinery and equipment	1,422,880	1,486,277	2,480,673	2,430,970	3,903,553	3,917,247
Total	$ 17,011,303	$ 16,776,542	$ 13,003,868	$ 13,110,553	$ 30,015,171	$ 29,887,095

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Long-term liabilities—At March 31, 2023, the City's bonds payable totaled $184,961 for governmental activities as compared to the prior year's total of $336,616. The bonds payable for business-type activities at March 31, 2023 totaled $379,460 as compared to the prior year's total of $809,940.

A summary of the City's long-term liabilities at March 31, 2023 and March 31, 2022 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2023	2022	2023	2022	2023	2022
Bonds payable	$ 184,961	336,616	$ 379,460	$ 809,940	$ 564,421	$ 1,146,556
NYPA loan	-	-	49,738	149,212	49,738	149,212
Capital lease	-	-	20,719	41,437	20,719	41,437
OPEB liability	691,909	622,010	-	-	691,909	622,010
Compensated absences	870,650	876,843	373,174	319,160	1,243,824	1,196,003
Net pension liability (asset)	22,137	1,143,819	(369,737)	4,868	(347,600)	1,148,687
Total	$ 1,769,657	2,979,288	$ 453,354	$ 1,324,617	$ 2,223,011	$ 4,303,905

Additional information on the City's long-term debt can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budget

The unemployment rate, not seasonally adjusted, for the County of Cattaraugus, which encompasses the City, was 4.4 percent at March 31, 2023, which compares to New York State's average unemployment rate of 4.1 percent. These factors are considered in preparing the City's budget. There are many other important factors outside the City's control that exert significant influence on the budget including the uncertainty regarding the availability of Casino revenues.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Comptroller's Office, City of Salamanca, 225 Wildwood Avenue, Salamanca, New York 14779.

BASIC FINANCIAL STATEMENTS

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CITY OF SALAMANCA, NEW YORK
STATEMENT OF ACTIVITIES
(UNAUDITED)
AT MARCH 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Salamanca Industrial Development Agency	Salamanca Housing Authority
ASSETS					
Cash and cash equivalents	$ 23,477,348	1,469,866	24,947,214	236,743	161,918
Restricted cash and cash equivalents	111,122	278,504	389,626	776,362	43,390
Restricted investments	-	-	-	-	287,274
Receivables (net of allowance):					
Taxes	781,438	-	781,438	-	-
Other	75,988	984,796	1,060,784	1,266	7,004
Internal balances	250,000	(250,000)	-	-	-
Prepaid items	-	120,986	120,986	22,861	9,499
Inventories	-	209,469	209,469	-	5,844
Notes receivable	-	-	-	53,301	-
Noncurrent assets	-	-	-	3,059	-
Net pension asset	-	369,737	369,737	21,921	53,373
Capital assets not being depreciated	3,149,369	83,980	3,233,349	24,500	134,726
Capital assets, net of accumulated depreciation	13,861,934	12,919,888	26,781,822	702,205	4,567,396
Total assets	41,707,199	16,187,226	57,894,425	1,842,218	5,270,424
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	4,632,720	808,613	5,441,333	69,059	121,800
Total deferred outflows of resources	4,632,720	808,613	5,441,333	69,059	121,800
LIABILITIES					
Accounts payable	370,151	623,478	993,629	-	20,836
Accrued liabilities	9,831	80,228	90,059	2,664	46,626
Intergovernmental payables	347,927	-	347,927	1,668	-
Customer deposits	-	278,504	278,504	2,387	-
Unearned revenue	-	-	-	27,717	8,664
Noncurrent liabilities:					
Due within one year	148,719	266,130	414,849	6,374	33,735
Due in more than one year	1,620,938	556,961	2,177,899	-	442,330
Total liabilities	2,497,566	1,805,301	4,302,867	40,810	552,191
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	5,504,442	1,261,048	6,765,490	77,537	200,986
Total deferred inflows of resources	5,504,442	1,261,048	6,765,490	77,537	200,986
NET POSITION					
Net investment in capital assets	16,826,342	12,553,951	29,380,293	726,705	4,648,442
Restricted for:					
Donations	111,122	-	111,122	-	-
Other purposes	-	89,230	89,230	816,405	408,257
Unrestricted	21,400,447	1,286,309	22,686,756	249,820	(417,652)
Total net position	$ 38,337,911	13,929,490	52,267,401	1,792,930	4,639,047

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
STATEMENT OF NET POSITION
(UNAUDITED)
AT MARCH 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Salamanca Industrial Development Agency	Component Units: Salamanca Housing Authority
Primary government:									
Governmental activities:									
General government support	$ 1,365,046	214,701	-	-	(1,150,345)	-	(1,150,345)	-	-
Public safety	4,460,658	9,630	31,579	-	(4,419,449)	-	(4,419,449)	-	-
Health	96,914	586,966	-	-	490,052	-	490,052	-	-
Transportation	2,185,793	101,307	-	-	(2,084,486)	-	(2,084,486)	-	-
Economic assistance and opportunity	162,205	-	139,617	-	(22,588)	-	(22,588)	-	-
Culture and recreation	680,835	9,500	-	-	(671,335)	-	(671,335)	-	-
Home and community services	68,483	270,624	402,615	-	604,756	-	604,756	-	-
Interest and fiscal charges	10,206	-	-	-	(10,206)	-	(10,206)	-	-
Total governmental activities	9,030,140	1,192,728	573,811	-	(7,263,601)	-	(7,263,601)	-	-
Business-type activities:									
Water	573,340	948,125	-	-	-	374,785	374,785	-	-
Sewer	1,030,334	1,576,158	-	-	-	545,824	545,824	-	-
Electric	6,563,250	6,602,314	-	-	-	39,064	39,064	-	-
Total business-type activities	8,166,924	9,126,597	-	-	-	959,673	959,673	-	-
Total primary government	17,197,064	10,319,325	573,811	-	(7,263,601)	959,673	(6,303,928)	-	-
Component units:									
Salamanca Industrial Development Agency	887,745	250,984	671,054	-				34,293	-
Salamanca Housing Authority	1,008,897	1,057,276	1,906	176,527				-	226,812
Total component units	$ 1,896,642	1,308,260	672,960	176,527				34,293	226,812
General revenues:									
Real property taxes and tax items					2,124,027	-	2,124,027	-	-
Use of money and property					178,218	7,121	185,339	192	2,859
Sale of property and compensation for loss					75,700	-	75,700	-	-
State aid–unrestricted					11,010,117	-	11,010,117	-	-
Miscellaneous					-	168,695	168,695	-	26,641
Total general revenues and transfers					13,388,062	175,816	13,563,878	192	29,500
Change in net position					6,124,461	1,135,489	7,259,950	34,485	256,312
Net position—beginning					32,213,450	12,794,001	45,007,451	1,758,445	4,382,735
Net position—ending					$ 38,337,911	13,929,490	52,267,401	1,792,930	4,639,047

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
(UNAUDITED)
AT MARCH 31, 2023

	General	Special Revenue Economic Development	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 18,031,919	5,445,429	23,477,348
Restricted cash and cash equivalents	111,122	-	111,122
Receivables (net of allowance):			
Taxes	781,438	-	781,438
Other	75,988	-	75,988
Due from other funds	250,000	-	250,000
Total assets	19,250,467	5,445,429	24,695,896
LIABILITIES			
Accounts payable	370,151	-	370,151
Accrued liabilities	1,499	-	1,499
Intergovernmental payables	347,927	-	347,927
Total liabilities	719,577	-	719,577
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues—property taxes	132,711	-	132,711
Total deferred inflows of resources	132,711	-	132,711
FUND BALANCES			
Nonspendable	370,975	-	370,975
Committed	141,777	-	141,777
Restricted	111,122	-	111,122
Assigned	832,528	5,445,429	6,277,957
Unassigned	16,941,777	-	16,941,777
Total fund balances	18,398,179	5,445,429	23,843,608
Total liabilities, deferred inflows of resources and fund balances	$ 19,250,467	5,445,429	24,695,896

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
(UNAUDITED)
MARCH 31, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		$ 23,843,608
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of these assets is $53,062,369 and the accumulated depreciation is $36,051,066.		17,011,303
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.		132,711
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	836,777	
Deferred outflows related to experience, changes of assumptions, and investment earnings and changes in proportion	3,795,942	
Deferred inflows of resources related to pensions	(5,504,441)	(871,722)
Net accrued interest expense for statutory bonds is not reported in the fund statements.		(8,332)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effect of these items are:		
Bonds payable	(184,961)	
Other postemployment benefits liability	(691,909)	
Compensated absences	(870,650)	
Net pension liability	(22,137)	(1,769,657)
Net position of governmental activities		$ 38,337,911

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2023

	General	Special Revenue Economic Development	Total Governmental Funds
REVENUES			
Real property taxes	$ 958,019	-	958,019
Real property tax items	219,397	-	219,397
Nonproperty tax items	946,611	-	946,611
Departmental income	1,032,961	-	1,032,961
Intergovernmental charges	109,107	-	109,107
Use of money and property	166,807	11,411	178,218
Licenses and permits	12,886	-	12,886
Fines and forfeitures	25,771	-	25,771
Sale of property and compensation for loss	75,700	-	75,700
Miscellaneous	12,003	-	12,003
State aid	11,181,313	-	11,181,313
Federal aid	402,615	-	402,615
Total revenues	15,143,190	11,411	15,154,601
EXPENDITURES			
Current:			
General government support	1,222,442	-	1,222,442
Public safety	5,079,876	-	5,079,876
Health	96,983	-	96,983
Transportation	2,117,291	-	2,117,291
Economic assistance and opportunity	159,617	2,588	162,205
Culture and recreation	667,068	-	667,068
Home and community services	61,490	-	61,490
Employee benefits	274,916	-	274,916
Debt service:			
Principal	151,655	-	151,655
Interest and fiscal charges	10,206	-	10,206
Total expenditures	9,841,544	2,588	9,844,132
Excess (deficiency) of revenues over expenditures	5,301,646	8,823	5,310,469
Net change in fund balances	5,301,646	8,823	5,310,469
Fund balances—beginning, as restated	13,096,533	5,436,606	18,533,139
Fund balances—ending	$ 18,398,179	5,445,429	23,843,608

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTLA FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 5,310,469
City governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year:		
Capital asset additions	1,363,898	
Depreciation expense	(1,129,137)	234,761
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements:		491,282
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consume the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenses for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Repayment of bonds payable	151,655	
Change in other postemployment benefits liability	(69,899)	
Change in compensated absences	6,193	87,949
Change in net position of governmental activities.		$ 6,124,461

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
(UNAUDITED)
MARCH 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	**Sewer**	**Electric**	**Total**
ASSETS				
Current assets				
Cash and cash equivalents	$ 148,097	848,524	473,245	1,469,866
Restricted cash and cash equivalents	30,135	49,980	198,389	278,504
Receivables (net of allowance)	94,616	168,200	721,980	984,796
Prepaid Expenses	-	-	120,986	120,986
Inventories	52,855	7,504	149,110	209,469
Total current assets	325,703	1,074,208	1,663,710	3,063,621
Noncurrent assets:				
Net Pension Asset	66,553	162,684	140,500	369,737
Capital assets, not being depreciated:				
Land	-	12,700	71,280	83,980
Total capital assets, not being depreciated	-	12,700	71,280	83,980
Capital assets, being depreciated:				
Buildings and building improvements	5,182,230	7,138,880	9,788,051	22,109,161
Machinery and equipment	353,709	3,071,070	2,005,249	5,430,028
Accumulated depreciation	(2,890,461)	(6,313,176)	(5,415,664)	(14,619,301)
Total capital assets, being depreciated	2,645,478	3,896,774	6,377,636	12,919,888
Total capital assets	2,645,478	3,909,474	6,448,916	13,003,868
Total noncurrent assets	2,712,031	4,072,158	6,589,416	13,373,605
Total assets	3,037,734	5,146,366	8,253,126	16,437,226
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - relating to pensions	145,550	355,790	307,273	808,613
Total deferred outflows of resources	145,550	355,790	307,273	808,613
LIABILITIES				
Current liabilities				
Accounts payable	9,224	23,281	590,973	623,478
Accrued liabilities	1,990	9,393	68,845	80,228
Customer deposits	30,135	49,980	198,389	278,504
Due to other funds	-	-	250,000	250,000
Total current liabilities	41,349	82,654	1,108,207	1,232,210
Noncurrent liabilities				
Due within one year:				
Bonds payable	47,500	90,000	17,980	155,480
Loan payable	-	-	49,738	49,738
Capital lease	-	20,719	-	20,719
Compensated absences	6,751	16,436	17,006	40,193
Due in more than one year:				
Bonds payable	26,000	180,000	17,980	223,980
Compensated absences	60,760	147,919	124,302	332,981
Total noncurrent liabilities	141,011	455,074	227,006	823,091
Total Liabilities	182,360	537,728	1,335,213	2,055,301
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - relating to pensions	226,989	554,861	479,198	1,261,048
Total deferred inflows of resources	226,989	554,861	479,198	1,261,048
NET POSITION				
Net investment in capital assets	2,571,978	3,618,755	6,363,218	12,553,951
Restricted	-	-	89,230	89,230
Unrestricted	201,957	790,812	293,540	1,286,309
Total net position	$ 2,773,935	4,409,567	6,745,988	13,929,490

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	**Sewer**	**Electric**	**Total**
Operating revenues				
Charges for services	$ 948,125	1,576,158	6,450,857	8,975,140
Rent	-	-	151,457	151,457
Total operating revenues	948,125	1,576,158	6,602,314	9,126,597
Operating expenses				
Personnel services	312,701	567,056	645,572	1,525,329
Taxes and assessments on municipal property	949	5,654	2,762	9,365
Depreciation	2,239	3,640	252,395	258,274
Sanitary sewers	-	46,891	-	46,891
Sewage	-	163,483	-	163,483
Administration	74,107	-	-	74,107
Source of supply, power and pumping	65,693	-	-	65,693
Transportation and distribution	6,218	25,632	87,191	119,041
Electric and power	-	-	5,301,748	5,301,748
Employee benefits	85,181	113,166	205,018	403,365
Total operating expenses	547,088	925,522	6,494,686	7,967,296
Operating Income	401,037	650,636	107,628	1,159,301
Nonoperating revenues (expenses)				
Use of money and property	2,155	4,374	592	7,121
Payment-in-lieu of taxes	(12,143)	(93,160)	(67,247)	(172,550)
Interest expense	(14,109)	(11,652)	(1,317)	(27,078)
Miscellaneous	111,478	12,405	44,812	168,695
Total nonoperating revenues (expenses)	87,381	(88,033)	(23,160)	(23,812)
Change in net position	488,418	562,603	84,468	1,135,489
Total net position - beginning	2,285,517	3,846,964	6,661,520	12,794,001
Total net position - ending	$ 2,773,935	4,409,567	6,745,988	13,929,490

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 964,588	1,600,970	6,556,456	9,122,014
Rental income	-	-	151,457	151,457
Payments to suppliers for goods and services	(165,369)	(249,188)	(5,425,986)	(5,840,543)
Payments to employees for services	(419,519)	(719,907)	(880,551)	(2,019,977)
Net cash provided by (used for) operating activities	379,700	631,875	401,376	1,412,951
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Payments to) receipts from primary government				
Transfer to primary government	-	(70,087)	(99,956)	(170,043)
Miscellaneous income	111,478	12,405	44,812	168,695
Payments-in-lieu of taxes	(12,143)	(93,160)	(67,247)	(172,550)
Net cash provided by (used for) noncapital financing activities	99,335	(150,842)	(122,391)	(173,898)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sale of property	-	-	-	-
Principal payments on bonds	(322,500)	(90,000)	(17,980)	(430,480)
Principal payments on capital lease	-	(20,718)	-	(20,718)
Principal payments on loans payable	-	-	(99,474)	(99,474)
Acquisition of capital assets	-	(58,746)	(81,530)	(140,276)
Gain/(loss) from disposal of capital assets	-	-	-	-
Interest payments	(14,109)	(11,652)	(1,317)	(27,078)
Net cash used for capital and related financing activities	(336,609)	(181,116)	(200,301)	(718,026)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	2,156	4,374	592	7,122
Net cash provided by investing activities	2,156	4,374	592	7,122
Net increase (decrease) in cash and cash equivalents	144,582	304,291	79,276	528,149
Cash and cash equivalents - beginning *	33,650	594,213	592,358	1,220,221
Cash and cash equivalents - ending *	$ 178,232	898,504	671,634	1,748,370

* Cash and cash equivalents include restricted cash and cash equivalents.

The notes to the financial statements are an integral part of this statement.

(continued)

CITY OF SALAMANCA, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 401,037	650,636	107,628	1,159,301
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	2,239	2,040	242,681	246,960
(Increase) decrease in receivables	15,003	25,032	110,637	150,672
(Increase) decrease in inventories	(8,618)	(666)	14,480	5,196
(Increase) decrease in inventories	-	-	(120,986)	(120,986)
(Increase) decrease in deferred outflows - relating to pension	94,230	115,799	180,745	390,774
(Decrease) increase in payables	(9,484)	(7,854)	53,261	35,923
(Decrease) increase in accrued liabilities	(300)	992	18,960	19,652
(Decrease) increase in customer deposits	1,460	1,380	4,676	7,516
(Decrease) increase in accrued compensated absences	9,058	13,574	31,382	54,014
(Decrease) increase in net pension liability/asset	(67,526)	(164,598)	(142,481)	(374,605)
(Decrease) increase in deferred inflows related to pension	(57,399)	(4,460)	(99,607)	(161,466)
Total adjustments	(21,337)	(18,761)	293,748	253,650
Net cash provided by (used for) operating activities	$ 379,700	631,875	401,376	1,412,951

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION -
CUSTODIAL FUND
(UNAUDITED)
AT MARCH 31, 2023

	Custodial Fund
ASSETS	
Restricted cash and cash equivalents	$ 16,619
Total assets	16,619
NET POSITION	
Restricted for others	$ 16,619

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUND
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2023

	Custodial Fund
ADDITIONS	
Contributions	$ 28,150
Total additions	28,150
DEDUCTIONS	
Culture and recreation	28,518
Total deductions	28,518
Change in fiduciary net position	(368)
Net position–beginning	16,987
Net position–ending	$ 16,619

The notes to the financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Salamanca, New York (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (the "GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting Entity

The City was incorporated in 1913. It is governed by the Charter of the City, other general laws of New York, and various local laws and ordinances. The Common Council is the legislative body responsible for the overall operations, and consists of five members elected by Ward to two-year terms. The Mayor serves a two-year term and is the Chief Executive Officer of the City.

The City provides police and fire protection, street maintenance, and snow removal services. It also maintains parks for use by its residents.

The accompanying financial statements present the City (the "primary government") and its component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units—Financial data of the City's component units that are not part of the primary government are reported in the component unit columns within the government-wide financial statements. These component units are reported in a separate column to emphasize that they are legally separate from the City and that they are not simply an extension of the primary government.

- **Salamanca Industrial Development Agency ("SIDA")**—The Salamanca Industrial Development Agency was established by Chapter 25 of the Laws of 1971 to promote the economic welfare and prosperity of the City's inhabitants and to develop economically sound commerce and industry. The SIDA Board can be made up of three to seven members approved by the governing body of the City. Board members may be removed at will by the City's governing body.

The SIDA has the power to acquire, hold, and dispose of property as it sees fit, and property under its control is exempt from real property taxes. The SIDA may also issue bonds for legitimate corporate purposes on virtually any terms without limitations as to amount. Unless expressly provided otherwise, such bonds constitute special obligation bonds of the SIDA payable from project revenues.

The entity's principal source of revenues at present are rental income, grant proceeds, and revenues derived from SIDA's lending related activities.

- **Salamanca Housing Authority ("SHA")**—The Salamanca Housing Authority was established by Public Housing Law Article 13 in 1957. Its purpose is to provide housing to low-to-moderate income persons and elderly people. It shall constitute a corporate body and consist of seven members. Five members are appointed by the Mayor and two members are elected by the housing tenants.

  The housing operations are financed primarily by rental income and New York state subsidy. The City is required to pay an annual subsidy to the Authority in an amount at least equal to the subsidy paid by the State; however, the City's subsidy can be offset in full or in part in the form of exemption of the project from taxes.

Complete financial statements of the individual component units can be obtained from their respective administrative offices as listed below.

Salamanca Industrial Development Agency
225 Wildwood Avenue
Salamanca, New York 14779

Salamanca Housing Authority
69 Iroquois Drive
Salamanca, New York 14779

Related Organizations—These are activities undertaken jointly with other governmental units and are excluded from the financial statements.

- **The Salamanca Public Library**—The Salamanca Public Library (the "Library') is a separate education corporation chartered under the New York Education Law, Section 259, in 1918 and is governed by the New York State Not-for-Profit Corporation Law. The Library is over seen by the Library's Board of Trustees. The Library is excluded from the reporting entity because the City is unable to appoint a voting majority of the Board of Trustees of the Library and the Library is not fiscally dependent on the City.

- **The Joint Leasing Commission and Joint Development Corporation**—The City entered into a contract with the Seneca Nation of Indians. The contract contained a technical document, the Joint Leasing Commission Agreement, which required the City to appoint two commissioners to the Joint Leasing Commission. The Commission was formed to verify the City's computation of annual rental payments due for the Indian leases, and to conduct dispute resolution arising under the agreement and under the leases issued by the Seneca Nation of Indians to City residents. An annual budget is subject to approval by the City and Seneca Nation of Indians. The City paid $5,000 to Joint Leasing Commission as their share of the October 1, 2021 - September 30, 2022 budget.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

As discussed earlier, the City has two discretely presented component units. While neither the Salamanca Industrial Development Agency nor the Salamanca Housing Authority are considered to be a major component unit, they are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. It is the City's policy to record transactions between funds as operating transfers. Interfund services provided and used are not eliminated in the process of consolidation.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The City reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received, unless prohibited by the purpose and object of such funds.

- *Economic Development Fund*—The Economic Development Fund is used to account for funds received that are designed for economic development are approved by New York State Empire State Development.

Enterprise Funds—These funds are used to account for operations which provide goods and services to the general public. These ongoing activities are similar to those found in the private sector; therefore, the determination of operating income is necessary to sound financial administration. The City maintains the following enterprise funds:

- *Water Fund*—The Water Fund accounts for the City's water treatment and distribution system and is responsible for water delivery to the residents of the City.

- *Sewer Fund*—The Sewer Fund is used to record all activity related to the operation and maintenance of the sewer districts.

- *Electric Fund*—The Electric Fund is used to record the revenues and expenditures relating to electric services of the City.

Additionally, the City reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. The City reports one fiduciary fund, the *Custodial Fund*.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period of availability (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds and Custodial Fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The SIDA's and the SHA's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities and are maintained on the accrual basis of accounting.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The City's cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. Permissible investments include obligations of the United States Treasury, United State Agencies, repurchase agreements, obligations of New York State or its localities, certificates of deposit and revenue anticipation notes. The City reports no investments at March 31, 2023; however, when the City does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Funds to support restricted fund balances are reported as restricted cash and cash equivalents within the City's General Fund. The City also reports restricted cash within its proprietary funds which represents customer deposits and restricted net position. The Custodial Fund restricted cash represents cash held on behalf of others.

Receivables—Receivables are recorded and revenues are recognized as earned. Allowances are recorded when appropriate.

Inventories—Inventories of proprietary funds are valued at the lower of cost or market based upon the moving weighted-average method and are comprised of general supplies.

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as within each individual proprietary fund. Capital assets are defined by the City as assets with an initial, individual cost of more than $2,000 for general governmental activities and $1,000 for business-type activities, and an estimated useful life in excess of five years with the exception of the Electric Fund. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair value at the date of donation. Electric Fund assets are stated at cost, which includes transportation costs and overhead. When Electric Fund assets are retired, the cost and all costs of removal, less salvage if any, is charged to accumulated depreciation.

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life (Years)
Buildings and building improvements	20-50
Infrastructure	10-50
Machinery and equipment	5-20

Capital assets of the Water Fund and the Sewer Fund are depreciated over the following estimated useful lives:

	Estimated Useful Life (Years)
Buildings and building improvements	50
Machinery and equipment	20

Depreciation of the Electric Fund assets is computed using group composite straight-line rates in accordance with the New York State Public Service Commission. Straight-line composite rates used to compute depreciation for the year ended March 31, 2023 were as follows:

	Percentage
Structures	1.7-10.0
Poles, towers and fixtures	3.0
Distribution substation	3.0
Transformers	3.0-3.33
Office equipment	4.55-12.5
Equipment	16.0-25.0
Transportation equipment	12.5-17.0

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At March 31, 2023, the City has one item that qualifies for reporting in this category. This item represents the effect of the net change in the City's proportion of the collective net position asset or liability, the difference during the measurement period between the City's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position and the balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At March 31, 2023, the City has two items that qualify for reporting in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from property taxes that remain uncollected 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item represents the effect of the net change in the City's proportion of the collective net pension liability and the difference during the measurement periods between the City's contribution and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

Net Position Flow Assumption—Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted–net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

Fund Balance Flow Assumptions—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Common Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The Common Council has by resolution authorized the Comptroller to assign fund balance. The Common Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a propriety fund's principal ongoing operations. The principal operating revenues for the proprietary funds include charges for services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes—Real property taxes are levied as of April 9 of each year. Taxes must be paid by May 31 to avoid penalties. As of June 1, penalties are assessed at 10% of the total tax bill and increase a half of a percent on the first of each month thereafter.

The City is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five-year average full assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a percent of value system, assessing all properties at 12.5% of full market value. For the year ended March 31, 2023, the City had a tax levy of $953,097.

Compensated Absences—The City's policy is to pay employees for unused vacation, compensatory time, and sick time based on union agreements when there is separation from service. For governmental activities, the amount is accrued in the government-wide statement of net position as a long-term liability. For business-type activities, the full liability is recognized in both the government-wide statement of net position and the proprietary fund financial statements.

Pension Plans—The City is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS") and the New York State Police and Fire Retirement System ("PFRS"). For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the City provides health insurance benefits for retired police and fire employees as required by the union contracts. The police and fire employees become eligible for these benefits if they reach normal retirement age while working for the City. The department heads hired prior to April 1, 2009 are eligible for these benefits. More information regarding other postemployment benefits ("OPEB") is included in Note 8.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses/expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements— During the year ended March 31, 2023, the City implemented Governmental Accounting Standards Board ("GASB") Statements No. 87, *Leases,* and No. 93, *Replacement of Interbank Offered Rates.* GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR"). The implementation of GASB Statements No. 87 and 93 did not have a material impact on the City's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The City has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements;* No. 96*, Subscription-Based Information Technology Arrangements;* No. 99*, Omnibus 2022;* and No. 102*, Certain Risk Disclosures* effective for the year ending March 31, 2024*,* and No. 100*, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62;* and No. 101*, Compensated Absences* effective for the year ending March 31, 2025*.* The City is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100 and 101 will have on its financial position and results of operations when such statements are adopted. Stewardship, Compliance and Accountability.

Legal Compliance—Budgets—Through the budget, the Council sets the direction of the City, allocates its resources and established its priorities. The annual budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The annual budget serves from April 1 to March 31, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it established the foundation of effective financial planning by providing

resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than January 15, the department heads submit budget estimates to the Common Council. By February 15, the Common Council must adopt a tentative budget for the fiscal year commencing the following April 1. The tentative budget includes proposed expenditures and means of financing for the General Fund.

- After public hearings are conducted to obtain taxpayer comments, but no later than March 15, the Council adopts the final budget. Toward the end of the fiscal year, the Council customarily makes budgetary transfers.

- Budgets are prepared for the Special Revenue – Economic Development Fund and the proprietary funds (Water, Sewer and Electric Funds) for general management purposes as the budgets are not legally required.

2. CASH AND CASH EQUIVALENTS

The City's investment policies are governed by New York State statutes. In addition, the City has its own written investment policy. The City monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The City Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Investments with maturities of less than three months are considered to be cash equivalents. Collateral is required for demand deposit accounts, time deposit accounts and certificates at 100% of all deposits not covered by federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Deposits—All deposits are carried at fair value, and are classified by custodial risk at March 31, 2023 as follows:

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At March 31, 2023, the City's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the City's name.

Restricted Cash and Cash Equivalents—The City reports monies to support restricted fund balances as restricted cash and cash equivalents within the City's General Fund of $111,122. Additionally, the City reports restricted cash within its proprietary funds of $278,504 which represents customer deposits and restricted net position.

Investments—The City had no investments at March 31, 2023.

Interest Rate Risk—In accordance with its investment policy, the City manages exposure by limiting the investments to low risk type investments governed by New York State statute.

City of Salamanca Industrial Development Agency

The SIDA has its own written investment policy. The SIDA is authorized to use demand accounts and certificates of deposit, as well as other permissible investments, which include obligations of the federal government, the State of New York, and revenue and tax anticipation notes authorized by the State Comptroller. Certificates of deposit with maturities of less than 90 days are considered cash equivalents.

Cash, cash equivalents and investments at March 31, 2023 are shown below.

Petty cash (uncollaterized)	$ 50
Deposits	1,013,055
Total	$ 1,013,105

At March 31, 2023, all of the SIDA deposits were either insured by FIDC or collateralized with securities held by the SIDA or by its agent in the SIDA's name or were uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the SIDA's name.

Restricted cash and cash equivalents comprise funds that are subject to limitations imposed by grantors. As of March 31, 2023, the SIDA reported $776,362 of restricted cash and cash equivalents.

Salamanca Housing Authority

The SHA considers all highly liquid cash accounts and other temporary investments with an original maturity date of three months or less to be cash equivalents. The SHA is authorized to invest in bank certificates of deposit. Deposits held at financial institutions that are in excess of FDIC limits are required to be collateralized with securities held by the pledging financial institution's trust department or agent. Investments are carried at fair value.

Cash, cash equivalents and investments at March 31, 2023 are as follows:

Petty cash (uncollateralized)	$ 550
Deposits	204,758
Certificates of deposit	287,274
Total	$ 492,582

At March 31, 2023, all of the SHA deposits were either insured by FIDC or collateralized with securities held by the SHA or by its agent in the SHA's name or were uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the SHA's name.

Restricted cash and cash equivalents are comprised of security deposits and funds that are subject to limitations imposed by grantors. As of March 31, 2023, the SHA reported $43,390 of restricted cash and cash equivalents.

At March 31, 2023, restricted investments totaled $287,274 and were held as bank certificates of deposit with an original maturity of more than three months. The fair market values of the bank certificates of deposit are not materially different from their reported amounts.

3. RECEIVABLES

Revenues accrued by the City at March 31, 2023 consisted of the following:

Taxes Receivable—Taxes receivable of the City at March 31, 2023 reported in the General Fund consisted of $781,438 due from property owners.

Other Receivables—Receivables at March 31, 2023, net of related allowances for estimated uncollectible amounts, are as follows:

		Enterprise Funds		
	General Fund	Water Fund	Sewer Fund	Electric Fund
Ambulance receivable	$ 143,996	-	-	-
Customer accounts receivable	-	98,328	172,494	665,083
Other	20,699	468	4,377	85,953
Allowance for doubtful accounts	(88,707)	(4,180)	(8,671)	(29,056)
Total	$ 75,988	94,616	168,200	721,980

City of Salamanca Industrial Development Agency

SIDA receivables at March 31, 2023, included the following:

	Housing Choice Vouchers	Total
Tenants	$ 50,446	50,446
Allowance	(50,446)	(50,446)
Other	1,266	1,266
Total	$ 1,266	1,266

As of March 31, 2023, the SIDA had notes receivable with varying interest rates and terms. Notes receivable at March 31, 2023 are shown below:

	Program Income	Salamanca Area Development Corporation	Total
Notes receivable	$ 34,365	40,586	74,951
Less: allowance for doubtful accounts	(21,650)	-	(21,650)
Total notes receivable, net	$ 12,715	40,586	53,301

Salamanca Housing Authority

Revenues accrued by the SHA at March 31, 2023 consisted of the following:

	State Public Housing
Tenants	$ 212,121
Allowance for bad debts	(207,464)
Interest receivable	2,347
Total	$ 7,004

4. CAPITAL ASSETS

Governmental Activities—Capital asset activity for the primary government's governmental activities for the fiscal year ended March 31, 2023 was as follows:

	Balance at 4/1/2022	Increases	Decreases	Balance at 3/31/2023
Capital assets, not being depreciated				
Land	$ 3,149,369	-	-	3,149,369
Total capital assets, not being depreciated	3,149,369	-	-	3,149,369
Capital assets being depreciated:				
Buildings and building improvements	4,712,018	557,574	-	5,269,592
Infrastructure	37,788,048	479,092	-	38,267,140
Machinery and equipment	6,096,036	327,232	(47,000)	6,376,268
Total capital assets, being depreciated	48,596,102	1,363,898	(47,000)	49,913,000
Less accumulated depreciation for:				
Buildings and building improvements	(2,540,899)	(141,279)	-	(2,682,178)
Infrastructure	(27,818,271)	(597,229)	-	(28,415,500)
Machinery and equipment	(4,609,759)	(390,629)	47,000	(4,953,388)
Total accumulated depreciation	(34,968,929)	(1,129,137)	47,000	(36,051,066)
Total capital assets, being depreciated, net	13,627,173	234,761	-	13,861,934
Governmental activities, capital assets, net	$ 16,776,542	234,761	-	17,011,303

Business-type Activities—Capital asset activity for the primary government's business-type activities for the fiscal year ended March 31, 2023 was as follows:

	Balance 4/1/2022	Increases	Decreases	Balance 3/31/2023
Capital assets, not being depreciated				
Land	$ 83,980	-	-	83,980
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	83,980	-	-	83,980
Capital assets, being depreciated				
Buildings and building improvements	22,109,161	-	-	22,109,161
Machinery and equipment	5,289,753	151,589	(11,314)	5,430,028
Total capital assets, being depreciated	27,398,914	151,589	(11,314)	27,539,189
Less accumulated depreciation for:				
Buildings and building improvements	(11,513,558)	(156,388)	-	(11,669,946)
Machinery and equipment	(2,858,783)	(101,886)	11,314	(2,949,355)
Total accumulated depreciation	(14,372,341)	(258,274)	11,314	(14,619,301)
Total capital assets, being depreciated, net	13,026,573	(106,685)	-	12,919,888
Business-type activities capital assets, net	$ 13,110,553	(106,685)	-	13,003,868

Depreciation expense was charged to the functions and programs of the primary government as follows:

Governmental activities:	
General government support	$ 645,777
Public safety	170,158
Transportation	278,912
Culture and recreation	26,170
Home and community services	8,120
Total government activities depreciation expense	$ 1,129,137
Business-type activities:	
Water	$ 2,239
Sewer	3,640
Electric	252,395
Total business-type activities depreciation expense	$ 258,274

Salamanca Industrial Development Agency

Capital asset activity for the SIDA for the year ended March 31, 2023 was as follows:

	Balance 4/1/2022	Increases	Decreases	Balance 3/31/2023
Capital assets, not being depreciated:				
Land	$ 24,500	-	-	24,500
Total capital assets, not being depreciated	24,500	-	-	24,500
Capital assets, being depreciated:				
Buildings and leasehold improvements	2,705,835	-	-	2,705,835
Machinery and equipment	28,865	-	-	28,865
Total capital assets, being depreciated	2,734,700	-	-	2,734,700
Less accumulated depreciation	(1,988,945)	(43,550)	-	(2,032,495)
Total capital assets, being depreciated, net	745,755	(43,550)	-	702,205
Capital assets, net	$ 770,255	(43,550)	-	726,705

Salamanca Housing Authority

Capital asset activity for the SHA for the year ended March 31, 2023 was as follows:

	Balance 4/1/2022	Increases	Decreases and Adjustments	Balance 3/31/2023
Capital assets, not being depreciated:				
Land	$ 28,000	-	-	28,000
Construction in progress	466,190	171,385	(530,849)	106,726
Total capital assets, not being depreciated	494,190	171,385	(530,849)	134,726
Capital assets, being depreciated:				
Buildings and improvements	10,225,509	-	530,849	10,756,358
Equipment and furniture	290,290	12,543	-	302,833
Total capital assets, being depreciated	10,515,799	12,543	530,849	11,059,191
Less accumulated depreciation	(6,138,126)	(353,669)	-	(6,491,795)
Total capital assets, being depreciated	4,377,673	(341,126)	530,849	4,567,396
Capital assets, net	$ 4,871,863	(169,741)	-	4,702,122

5. ACCRUED LIABILITIES

Accrued liabilities reported within the governmental and proprietary funds at March 31, 2023 were as follows:

	General	Total Government Funds
Employee benefits	$ 1,499	1,499

	Water	Sewer	Electric	Total Proprietary Funds
Accrued interest	$ 1,990	6,877	11,887	20,754
Other accrued liabilities	-	2,516	56,958	59,474
Total accrued liabilities	$ 1,990	9,393	68,845	80,228

6. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

Police and Fire Retirement System ("PFRS") and Employees' Retirement System ("ERS")—The City participates in the PFRS and ERS (the "Systems"). The Systems provide retirement benefits as well as, death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only be enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The Systems are included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3.0%) to three- and one-half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At March 31, 2023, the City reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2021, with update procedures used to roll forward the total net pension liabilities to the measurement date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the City.

	Government Activities		Business-type Activities
	PFRS	ERS	ERS
Measurement date	March 31, 2022		
Net pension liability (asset)	$ 434,708	(412,571)	(369,737)
City's portion of the Plan's total net pension liability	0.0765270%	0.0050470%	0.0045230%

For the year ended March 31, 2023, the City recognized pension expenses of $300,483, $23,844, and $22,140, respectively, for PFRS, ERS – Governmental activities, and ERS – Business-type activities. At March 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Governmental Activities		Business-type Activities	Governmental Activities		Business-type Activities
	PFRS	ERS	ERS	PFRS	ERS	ERS
Differences between expected and actual experiences	$ 234,354	31,244	28,001	-	40,526	36,318
Changes in assumptions	2,601,820	688,535	617,050	-	11,618	10,412
Net difference between projected and actual earnings on pension plan investments	-	-	-	3,652,680	1,350,997	1,210,734
Changes in proportion and differences between the City's contributions and proportionate share of contributions	227,262	12,728	11,406	444,621	4,000	3,584
City contributions subsequent to the measurement date	666,993	169,784	152,156	-	-	-
Total	$ 3,730,429	902,291	808,613	4,097,301	1,407,141	1,261,048

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities		Business-type Activities
Year Ending March 31,	PFRS	ERS	ERS
2024	$ (268,348)	(102,296)	(91,676)
2025	(363,466)	(149,493)	(133,973)
2026	(891,747)	(349,717)	(313,409)
2027	475,151	(73,128)	(65,533)
2028	14,545	-	-
Thereafter	-		-

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the actuarial assumptions below:

	PFRS	ERS
Measurement date	March 31, 2022	March 31, 2022
Actuarial valuation date	April 1, 2021	April 1, 2021
Interest rate	5.9%	5.9%
Salary scale	6.2%	4.4%
Decrement tables	April 1, 2015 - March 31, 2020	April 1, 2015 - March 31, 2020
Inflation rate	2.7%	2.7%
Cost-of-living adjustments	1.4%	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are on the following page.

	PFRS and ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2022	
Asset class:		
Domestic equities	32.0%	3.3%
International equity	15.0%	5.9%
Private equity	10.0%	6.5%
Real estate	9.0%	5.0%
Opportunistic/absolute return strategy	3.0%	4.1%
Credit	4.0%	3.8%
Real assets	3.0%	5.6%
Fixed income	23.0%	0.0%
Cash	1.0%	-1.0%
Total	100.0%	

Discount Rate—The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the City's proportionate share of the net pension liabilities/(assets) calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental activities:			
Employer's proportionate share of the net pension liability/(asset) --- PFRS	4,835,452	434,708	(3,207,940)
Employer's proportionate share of the net pension liability/(asset) --- ERS	1,061,953	(412,571)	(1,645,939)
Business-type activities:			
Employer's proportionate share of the net pension liability/(asset) --- ERS	951,700	(369,737)	(1,475,054)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	March 31, 2022	March 31, 2022	
Employers' total pension liability	$ 42,237,292	223,874,888	266,112,180
Plan fiduciary net position	41,669,250	232,049,473	273,718,723
Employers net pension liability (asset)	$ 568,042	(8,174,585)	(7,606,543)
System fiduciary net position as a percentage of total pension liability	98.7%	103.7%	102.9%

Salamanca Industrial Development Agency

The SIDA participates in the ERS.

Plan Description and Benefits Provided

Employees' Retirement System—The plan description is the same as disclosed previously within this footnote.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At March 31, 2023 the SIDA reported the liability presented below for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2021. The SIDA's proportion of the net pension liability was based on a projection of the SIDA's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the SIDA.

	ERS
Measurement date	March 31, 2022
Net pension liability (asset)	$ (21,922)
SIDA's portion of the Plan's total net pension liability	0.0002682%

For the year ended March 31, 2023, the SIDA recognized pension expense of $7,651 for ERS. At March 31, 2023, the SIDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the following page.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,660	2,153
Changes of assumption	36,584	616
Net difference between projected and actual earnings on pension investments	-	71,784
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,264	2,984
SIDA contributions subsequent to the measurement date	8,551	-
Total	$ 69,059	77,537

SIDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

Year Ending March 31,	ERS
2023	$ 589
2024	(2,936)
2025	(14,448)
2026	(234)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the SIDA's proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the SIDA's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9 percent) or one percentage-point higher (6.9 percent) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability (asset)	$ 56,426	(21,922)	(87,456)

Salamanca Housing Authority

The SHA participates in the ERS.

Plan Description and Benefits Provided

Employees' Retirement System—The plan description is the same as disclosed previously within this footnote.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At March 31, 2023 the SHA reported the liability presented below for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2021. The SHA's proportion of the net pension liability was based on a projection of the SHA's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the SHA.

	ERS
Measurement date	March 31, 2022
Net pension liability (asset)	$ (53,373)
SHA's portion of the Plan's total net pension liability (asset)	0.0006529%

For the year ended March 31, 2023, the SHA recognized pension income of $3,570 for ERS. At March 31, 2023, the SHA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 4,042	5,243
Changes in assumptions	89,073	1,503
Net difference between projected and actual earnings on pension investments	-	174,773
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,203	19,467
SHA's contributions made subsequent to the measurement date	24,482	-
Total	$ 121,800	200,986

SHA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2024. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending March 31,	ERS
2024	$ (18,582)
2025	(24,061)
2026	(49,503)
2027	(11,522)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the SHA's proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the SHA's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9 percent) or one percentage-point higher (6.9 percent).

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	$ 137,381	(53,373)	(212,929)

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description—The City administers the City of Salamanca Retiree Medical Plan (the "Plan") as a single-employer defined benefit other postemployment benefit plan. The plan provides for continuation of medical insurance benefits for certain retirees at the cost of the retirees. The plan can be amended by action of the City subject to an applicable collective bargaining and employment agreements. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying the benefits under the plan.

Employees Covered by Benefit Terms—As of March 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	52
Total	59

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate.

Total OPEB Liability

The City's total OPEB liability of $691,909 was measured as of March 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the March 31, 2023 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a valuation date of March 31, 2023. The discount rate used remained at 3.60%. Mortality rates are based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees' Retirement System. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 4.70% for medical, while the ultimate healthcare cost trend rate is 4.20%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at March 31, 2022	$ 622,010
Changes for the year:	
Service cost	18,000
Interest	22,571
Changes of assumptions	18,884
Effect of economic/demographic gains or losses	37,818
Benefit payments	(27,374)
Net changes	69,899
Balance at March 31, 2023	$ 691,909

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (2.6%)	Current Discount Rate (3.6%)	1% Increase (4.6%)
Total OPEB liability	$ 780,120	691,909	618,831

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (4.7%) and ultimate (4.2%) healthcare cost trend rates.

	1% Decrease (3.2% / 3.8%)	Healthcare Cost Trend Rates (4.2% / 4.8%)	1% Increase (5.2% / 5.8%)
Total OPEB liability	$ 623,571	691,909	773,578

***Funding Policy*—**Authorization for the City to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the City's Board. The City's contributions to the OPEB plan are based on the negotiated contracts with four bargaining units, as discussed in Note 14. Any amendments to the employer's contributions are subject to the collective bargaining agreements. The City recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The City contributed $27,374 for the fiscal year ended March 31, 2023.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*—**The City may report deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. As of March 31, 2023, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City purchases commercial insurance to cover such potential risks. The liability insurance limits are as follows: commercial property coverage with a blanket limit of $41,478,676, general liability coverage with a per occurrence limit of $1,000,000 and general aggregate limit of $3,000,000, commercial automobile coverage with a liability limit of $1,000,000 per occurrence, public officials and police professional liability limits of $1,000,000 per occurrence and an annual aggregate limit of $2,000,000, commercial excess liability with an occurrence limit of $6,000,000 and general annual aggregate limit of $12,000,000 (aggregate annual limit for personal and advertising liability, products and completed operations liability, law enforcement liability and public officials liability of $6,000,000). There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past five fiscal years.

9. LEASE OBLIGATIONS

Capital Leases—The City has entered into a lease agreement as a lessee for financing the acquisition of a truck within its business-type activities. Lease principal payments are recorded as a reduction in capital lease liability within business-type activities.

The City's future minimum lease payments under capital leases as of March 31, 2023, are as follows:

Fiscal Year Ending March 31,	Business-type Activities
2024	$ 21,293
Total minimum lease payments	21,293
Less: amount representing imputed interest costs	(574)
Present value of minimum lease payment	$ 20,719

The asset acquired through the capital lease is as follows:

	Business-type Activities
Assets:	
Truck	$ 70,659
Less: accumulated depreciation	(18,941)
Total assets, net	$ 51,718

10. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The City's outstanding long-term liabilities include bonds payable, loan payable, capital leases, other postemployment benefits ("OPEB") liability, compensated absences and net pension liability.

A summary of changes in the City's long-term liabilities at March 31, 2023 follows:

	Balance 4/1/2022	Additions	Reductions	Balance 3/31/2023	Due Within One Year
Governmental activities:					
Bonds payable	$ 336,616	-	151,655	184,961	61,654
OPEB liability	622,010	97,273	27,374	691,909	-
Compensated absences*	876,843	-	6,193	870,650	87,065
Net pension liability*	1,143,819	-	1,121,682	22,137	-
Total governmental activities	2,979,288	97,273	1,306,904	1,769,657	148,719
Business-type activities:					
Bonds payable	809,940	-	430,480	379,460	155,480
Loan payable	149,212	-	99,474	49,738	49,738
Capital lease	41,437	-	20,718	20,719	20,719
Compensated absences*	319,160	54,014	-	373,174	40,193
Net pension liability (asset)*	4,868	-	374,605	(369,737)	-
Total business-type activities	$ 1,324,617	54,014	925,277	453,354	266,130

(*Reductions/additions to the net pension liability/compensated absences are shown net of additions/reductions.)

Bond Payable—The City issues general obligation bonds and statutory installment bonds to provide funds for the acquisition, construction and renovation of major capital facilities. General obligation bonds have been issued for governmental activities and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

A default will have occurred if the payment of principal or interest are not paid when due and payable. The City does not have any lines of credit.

A summary of additions and payments of serial bonds and statutory installment bonds for the year ended March 31, 2023 is shown below:

Year of Issuance	Original Issue	Interest rate (%)	Year of Maturity	Balance 4/1/2022	Additions	Payments	Balance 3/31/2023	Due Within One Year
Governmental activities:								
Serial bonds:								
2010	$ 897,700	2.0-3.5	2022	90,000	-	90,000	-	-
Statutory installment bonds:								
2021	182,279	3.5	2026	145,823	-	36,456	109,367	36,456
2021	125,992	3.5	2026	100,793	-	25,199	75,594	25,198
Total governmental activities				336,616	-	151,655	184,961	61,654
Business-type activities:								
Serial bonds:								
2013	3,461,500	3.8-4.1	2023	275,000	-	275,000	-	-
Statutory installment bonds:								
2020	130,000	2.5	2024	78,000	-	26,000	52,000	26,000
2020	86,000	2.5	2024	43,000	-	21,500	21,500	21,500
2020	89,900	2.5	2025	53,940	-	17,980	35,960	17,980
2020	450,000	3.5	2026	360,000	-	90,000	270,000	90,000
Total business-type activities				$ 809,940	-	430,480	379,460	155,480

Loan Payable—The City entered into an agreement with the New York State Power Authority ("NYPA") to participate in the Municipal Alternate Fuel Vehicle Program. As a result, NYPA provided financing assistance for the City to purchase a hybrid truck in the amount of $290,134. The City will repay the financing over a three-year period by paying a surcharge on its monthly electric bills. The City paid $99,474 during the year ended May 31, 2023 and estimates that $49,738 is due within one year.

Capital Leases—As described in Note 9, the outstanding balance of capital leases at March 31, 2023 was $20,719 for business-type activities.

OPEB Liability—As explained in Note 8, the City provides health insurance coverage for certain retirees. The City's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB liability is $691,909 at March 31, 2023.

Compensated Absences—As described in Note 1, the liability for compensated absences, which totals $870,650 for governmental activities and $373,174 for business-type activities, represents amounts relating to sick and personal leave for employees. Payments of these liabilities are dependent upon many factors (including retirement, termination, or employees leaving service) and, therefore, timing of future payments of such are not readily determinable. The City has estimated that $87,065 and $40,193 for governmental activities and business-type activities, respectively, will be paid in the next fiscal year.

Net Pension Liability—The City reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System and Police and Fire Retirement System. The net pension liability is $22,137 for governmental activities and a negative $369,737 (a net pension asset) for business-type activities, respectively. Refer to Note 7 for additional information related to the City's net pension liability.

The City's debt service requirements for its long-term liabilities are as follows:

Governmental Activities

Fiscal Year Ending March 31,	Bonds Payable	OPEB Obligation	Compensated Absences	Net Pension Liability	Total
2024	$ 61,654	-	87,065	-	148,719
2025	61,654	-	-	-	61,654
2026	61,653	-	-	-	61,653
Thereafter	-	691,909	783,585	22,137	1,497,631
Total	$ 184,961	691,909	870,650	22,137	1,769,657

Business-type Activities

Fiscal Year Ending March 31,	Bonds Payable	Loan Payable	Capital Lease	Compensated Absences	Total
2024	$ 155,480	49,738	20,719	40,193	266,130
2025	133,980	-	-	-	133,980
2026	90,000	-	-	-	90,000
Thereafter	-	-	-	332,981	332,981
Total	$ 379,460	49,738	20,719	373,174	823,091

Interest requirements relating to bonds payable are as follows:

Fiscal Year Ending March 31,	Governmental Activities	Business-type Activities	Total
2024	$ 6,474	14,115	20,589
2025	4,316	10,000	14,316
2026	2,158	3,150	5,308
Total	$ 12,948	27,265	40,213

Salamanca Industrial Development Agency

The changes in the SIDA's long-term indebtedness during the year ended March 31, 2023, are summarized below:

	Balance 4/1/2022	Additions	Reductions	Balance 3/31/2023	Due Within One Year
Compensated absences*	$ 3,686	2,688	-	6,374	6,374
Net pension liability (asset)*	92	-	22,013	(21,921)	-
Total	$ 3,778	2,688	22,013	(15,547)	6,374

(*Additions/reductions to compensated absences and the net pension liability are shown as net amounts.)

Compensated Absences—The SIDA's eligible employees are granted vacation, sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and compensatory time subject to certain maximum limitations. The compensated absences liability is estimated to be $6,374 at March 31, 2023.

Net Pension Liability/(Asset)—The SIDA reports a liability (asset) for its proportionate share of the net pension liability (asset) for the Employees' Retirement System. The net pension asset is estimated to be $21,921 at March 31, 2023. Refer to Note 7 for additional information related to the SIDA's net pension liability.

Salamanca Housing Authority

The changes in the SHA's long-term indebtedness during the year ended March 31, 2023 are summarized below:

	Balance 4/1/2022	Additions	Reductions	Balance 3/31/2023	Due Within One Year
Bonds payable	$ 80,520	-	26,840	53,680	26,840
Compensated absences*	59,468	5,652	-	65,120	6,895
Net pension liability (asset)*	804	-	54,177	(53,373)	-
OPEB liability	675,708	18,231	336,674	357,265	-
Total	$ 816,500	23,883	417,691	422,692	33,735

(*Reductions to compensated absences and the net pension liability are shown net of additions.)

Serial Bonds—A summary of the estimated serial bonds payable requirements is presented below:

For the Year Ending March 31,	Principal	Interest
2024	$ 26,840	1,707
2025	26,840	1,024
Total	$ 53,680	2,731

Compensated Absences—As of March 31, 2023, the Salamanca Housing Authority had a liability for employee compensated absences totaling $65,120. Of this amount, $6,895 is considered to be due and payable within one year.

Net Pension Liability (Asset)—The SHA reports a liability (or asset) for its proportionate share of the net pension liability (asset) for the Employee Retirement System. The net pension asset is estimated to be $53,373 as of March 31, 2023. Refer to Note 7 for additional information related to the SHA's net pension liability.

OPEB Liability—The SHA provides health insurance coverage for certain retirees. The City's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB liability is $357,265 at March 31, 2023.

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital Assets***—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the

outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the City's governmental and business-type activities net investment in capital assets are shown on the following page.

Governmental activities:		
Capital assets, net of accumulated depreciation		$ 17,011,303
Related debt:		
Bonds issued for capital assets	(184,961)	
Debt issued for capital assets		(184,961)
Net investment in capital assets---governmental activities		$ 16,826,342

Business-type activities:		
Capital assets, net of accumulated depreciation		$ 13,003,868
Related debt:		
Bonds issued for capital assets	$ (379,460)	
Loans payable	(49,738)	
Capital lease	(20,719)	
Debt issued for capital assets		(449,917)
Net investment in capital assets---business-type activities		$ 12,553,951

- ***Restricted Net Position***—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position of the City at March 31, 2023 includes $111,122 of donations restricted for specific purposes, and $89,230 of utility electric funds being held for high density load customers.

- ***Unrestricted Net Position***—This category represents net position of the City not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by the City at March 31, 2023 includes $370,975 of delinquent taxes receivable and taxes receivable related to other property held by the City for resale in the General Fund.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislature. Restricted fund balances of the City at March 31, 2023 include $111,122 in donations restricted for specific purposes.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the City. For example, the amount appropriated to reduce the tax levy as determined through the budget process and finalized when the tax rates are established would be considered assigned fund balance. Also, the Common Council has authorized the Comptroller to make a determination of the assigned amounts of fund balance. As of March 31, 2023, the City reported the assignments described below.

- ***Assigned to Subsequent Year's Expenditures***—Represents funds to be used to assist in supporting the subsequent year authorized appropriations. At March 31, 2023, the City reports $832,528 of assigned to subsequent year's expenditures in the General Fund.

- ***Assigned to Specific Use***—Represents remaining fund balance of $5,445,429 in the Economic Development Fund that IS designated to be used for that fund's specific purposes.

If the City must use funds for emergency expenditures, the Common Council shall authorize the Comptroller to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds, as classified by GASB, will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available the City will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of March 31, 2023 is as follows:

	Interfund	
Fund	Receivable	Payable
Governmental funds:		
General Fund	$ 250,000	-
Total governmental funds	250,000	-
Proprietary funds:		
Sewer Fund	-	-
Electric Fund	-	250,000
Total proprietary funds	-	250,000
Total	$ 250,000	250,000

Interfund balances are the result of transfers made to the proprietary funds to cover operating costs. Other balances result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

Transfers are used primary to support the functions of various funds and to allocate costs between funds. The City did not make any transfers during the year ended March 31, 2023.

13. LABOR CONTRACTS

City employees are represented by four bargaining units with the balance governed by City Council rules and regulations. As of the date of these financial statements, the Professional Fire Fighters and Board of Public Utilities have contracts settled through March 31, 2027, the CSEA Local 1000 (Police) has a contract settled through March 31, 2025, and the DPW Employees' Union has a contract settled through March 31, 2026.

14. RELATED PARTY TRANSACTIONS

Salamanca Industrial Development Corporation

Expenses of $8,638 were incurred by the SIDA during the year ended March 31, 2023 in connection with the City's services to the SIDA relating to comptroller services, use of a copy machine, and monthly rental of office space.

The SIDA made payments in the amount of $106,904 to the SHA, a related organization. These payments were for rental housing assistance under the SIDA's Section 8 Housing Choice Voucher program.

Salamanca Housing Authority

The SHA has contracts whereby the City provides various support services. These transactions are consummated on terms equivalent to those that prevail in arm's-length transactions. During the year ended March 31, 2023, the SHA incurred the following:

Seneca Nation lease	$	7,164
Fuel usage		1,231
Utilities and municipal service charge		158,024
Total	$	166,419

At March 31, 2023, accounts payable to the City totaled $13,965.

During the year ended March 31, 2023, the SHA received a total of $106,904 in rental receipts from the SIDA. These receipts were paid to the SHA by the Agency's Federal Housing Choice Voucher program, which provides eligible tenants with housing assistance payments.

15. NEW YORK STATE CASINO REVENUES

The City of Salamanca is located almost entirely upon the Seneca Nation of Indians Reservation in Cattaraugus County. In 2004, the Seneca Nation completed the construction of a casino which engages in Class III Gaming pursuant to authority contained in the Seneca Nation / New York State Gaming Compact (the "Compact") which was made effective on April 12, 2002.

The Compact provides the Seneca Nation with the exclusive right to engage in Class III Gaming throughout all of Western New York in exchange for the Seneca Nation paying an exclusivity fee to New York State. Pursuant to the provisions of Section 99-h of the State Finance Law, a portion of that exclusively fee is paid by New York State to those municipalities in which the Seneca gaming faculties are located in order to offset the impact of the casino on those hosting municipalities. This is referred to as the "local share".

In the case of the City of Salamanca, the local share is divided among the City, the County of Cattaraugus (the "County"), and the City of Salamanca School District (the "School").

The City and the County have entered into an agreement which sets forth how local share is to be apportioned which briefly provides as follows:

- The City, the County and the School are first reimbursed for tax loss as a result of Native American tax immunity (each time an enrolled member of the Seneca Nation of Indians or the Seneca Nation itself buys property located on the Reservation, that person and property are immune from taxation).

- The City and the County are reimbursed for direct impact costs (expenses incurred directly related to the casino being located within the municipality).

- Any remaining local share funds are divided 75 percent to the City and 25 percent to the County for economic development.

The agreement further provides that significant expenditures for equipment or capital improvements would be financed by bonding in order to increase the amount of local share funds available. The City and the County each develop a spending plan which must be submitted and approved by New York State Economic Development before Section 99-h local share funds are remitted to the municipalities.

Over the years the City has responded to the increase in services required and has expended the funds required to meet these demands, including bonding in order to finance required equipment and upgrades to the sewer and water facilities, with the understanding that the expenditures would be reimbursed via the local share of Section 99-h funds.

After the initial fourteen-year period of the Compact passed without the State or Seneca Nation objecting, in 2016 the Compact was automatically extended for an additional seven years. However, there was no mention of the Seneca Nation continuing the State payment, which flows to the City. Further, during the year ended March 31, 2017, the Seneca Nation officials notified State officials that they would be making their final casino revenue sharing payment under the Compact.

During the year ended March 31, 2017, the City received Casino funds representing the last quarter of the 2016 fiscal year, which is regularly received on a lag of several months, and the first three quarters of the 2017 fiscal year. Further, the City received no payments during the years ended March 31, 2018 and 2019. During the year ended March 31, 2023, the City received the fourth quarter payment of the 2017 fiscal year in the amount of $9,520,578, which was indicated by the Seneca Nation to be the final payment expected to be received.

During the year ended March 31, 2020, an arbitrator determined that the Seneca Nation owed New York State for past payments. New York State advanced to the City of Salamanca $4,700,000 and $5,000,000 during the years ended March 31, 2020 and 2021, respectively. As such, any revenues received from the Compact related to those fiscal years has been provided to New York State. During the year ended March 31, 2023 the City recognized $9,520,578 of Compact revenue.

16. TAX ABATEMENTS

The City is subject to tax abatements granted by the Cattaraugus County Industrial Development Agency ("CCIDA") and the City of Salamanca Industrial Development Agency ("SIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and the SIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the City, the abatements have resulted in the reductions of property taxes, which the City administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the CCIDA and the SIDA, the City collected $860 during the year ended March 31, 2023 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $3,438 in property taxes.

17. CONTINGENCIES

Litigation—The City is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the City. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the City's financial condition or results of operation.

Grants—In the normal course of operations, the City receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The City is also involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the City's financial condition or results of operations.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SALAMANCA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) - POLICE AND FIRE RETIREMENT SYSTEM
(UNAUDITED)
LAST NINE FISCAL YEARS *

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Salamanca (the "City"):									
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
City's proportion of the net pension liability (asset)	0.0765270%	0.0656080%	0.0644071%	0.0665571%	0.0735337%	0.0661397%	0.0610033%	0.0602906%	0.0602906%
City's proportionate share of the net pension liability (asset)	$ 434,708	1,139,136	3,442,520	1,116,205	743,247	1,370,845	1,806,179	165,956	250,996
City's covered-employee payroll	$ 2,583,295	2,271,155	2,065,222	2,013,320	2,005,683	2,030,323	1,488,575	1,327,214	1,465,064
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.8%	50.2%	166.7%	55.4%	37.1%	67.5%	121.3%	12.5%	17.1%
Plan fiduciary net position as a percentage of the total pension liability	98.70%	95.80%	84.90%	95.10%	96.90%	94.70%	90.20%	99.00%	98.50%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these financial statements.

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS
POLICE AND FIRE RETIREMENT SYSTEM
(UNAUDITED)
LAST NINE FISCAL YEARS *

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Salamanca (the "City"):									
Contractually required contribution	$ 366,972	485,649	446,742	437,857	457,057	391,764	337,270	421,995	382,596
Contributions in relation to the contractually required contribution	366,972	485,649	446,742	437,857	457,057	391,764	337,270	421,995	382,596
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-
City's covered-employee payroll	$ 2,583,295	2,583,293	2,271,155	2,065,222	2,013,320	2,005,683	2,030,323	1,488,575	1,327,214
Contributions as a percentage of covered-employee payroll	14.2%	18.8%	19.7%	21.2%	22.7%	19.5%	16.6%	28.3%	28.8%

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CITY OF SALAMANCA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) - EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST NINE FISCAL YEARS *

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	103.70%	100.00%	86.40%	96.30%	98.20%	94.70%	90.70%	97.90%	97.20%
Governmental activities:									
City of Salamanca (the "City"):									
City's proportion of the net pension liability (asset)	0.0050470%	0.0047030%	0.0045093%	0.0047110%	0.0043727%	0.0045930%	0.0045819%	0.0050241%	0.0050241%
City's proportionate share of the net pension liability (asset)	$ (412,571)	4,683	1,318,066	333,818	154,148	453,214	735,399	169,729	227,035
City's covered-employee payroll	$ 1,517,003	1,533,311	1,507,308	1,445,168	1,415,270	1,514,345	1,277,925	1,560,117	1,186,808
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-27.2%	0.3%	87.4%	23.1%	10.9%	29.9%	57.5%	10.9%	19.1%
Business-type activities:									
City of Salamanca (the "City"):									
City's proportion of the net pension liability (asset)	0.0045230%	0.0048888%	0.0049441%	0.0050060%	0.0054980%	0.0056296%	0.0051176%	0.0054115%	0.0054115%
City's proportionate share of the net pension liability (asset)	$ (369,737)	4,868	1,308,618	354,742	177,453	529,045	821,396	182,824	244,549
City's covered-employee payroll	$ 1,359,505	1,351,437	1,380,413	1,367,684	1,387,713	1,549,600	1,280,981	1,608,300	1,536,394
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-27.2%	0.4%	94.8%	25.9%	12.8%	34.1%	64.1%	11.4%	15.9%

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(continued)

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) - EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST NINE FISCAL YEARS *

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Discretely presented component units:									
Salamanca Industrial Development Agency ("SIDA"):									
SIDA's proportion of the net pension liability (asset)	0.0002682%	0.0000915%	0.0001285%	0.0001480%	0.0001456%	0.0001758%	0.0018190%	0.0001449%	0.0001449%
SIDA's proportionate share of the net pension liability (asset)	$ (21,922)	91	34,026	10,484	4,698	16,519	29,203	4,896	6,549
SIDA's covered-employee payroll	$ 106,323	93,985	68,525	80,918	77,524	70,397	70,374	92,831	N/A
SIDA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-20.6%	0.1%	49.7%	13.0%	6.1%	23.5%	41.5%	5.3%	N/A
Salamanca Housing Authority ("SHA")									
SHA's proportion of the net pension liability (asset)	0.0006529%	0.0008070%	0.0008991%	0.0008948%	0.0009151%	0.0009216%	0.0008752%	0.0008613%	0.0008613%
SHA's proportionate share of the net pension liability (asset)	$ (53,373)	804	238,096	63,402	29,534	86,595	140,471	29,095	38,919
SHA's covered-employee payroll	$ 209,386	200,925	225,669	225,513	218,093	210,960	204,940	187,349	N/A
SHA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.5%	0.4%	105.5%	28.1%	13.5%	41.0%	68.5%	15.5%	N/A

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The accompanying independent auditors' report should be read in conjunction with these financial statements.

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST NINE FISCAL YEARS *

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities:									
City of Salamanca (the "City"):									
Contractually required contribution	$ 169,784	182,362	192,964	195,699	209,581	198,851	194,715	219,214	244,627
Contributions in relation to the contractually required contribution	169,784	182,362	192,964	195,699	209,581	198,851	194,715	219,214	244,627
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-
City's covered-employee payroll	$ 1,517,003	1,526,522	1,533,311	1,507,308	1,445,168	1,415,270	1,514,345	1,277,925	1,560,117
Contributions as a percentage of covered-employee payroll	11.2%	11.9%	12.6%	13.0%	14.5%	14.1%	12.9%	17.2%	15.7%
Business-type activities:									
City of Salamanca (the "City"):									
Contractually required contribution	$ 152,156	189,567	194,428	206,955	239,959	221,419	202,132	206,064	243,274
Contributions in relation to the contractually required contribution	152,156	189,567	194,428	206,955	239,959	221,419	202,132	206,064	243,274
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-
City's covered-employee payroll	$ 1,359,505	1,231,284	1,351,437	1,380,413	1,367,684	1,387,713	1,549,600	1,280,981	1,608,300
Contributions as a percentage of covered-employee payroll	11.2%	15.4%	14.4%	15.0%	17.5%	16.0%	13.0%	16.1%	15.1%

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(continued)

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST NINE FISCAL YEARS *

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Discretely presented component units:									
Business-type activities:									
Salamanca Industrial Development Agency ("SIDA"):									
Contractually required contribution	$ 8,551	13,670	10,747	10,869	10,517	9,890	10,166	12,742	-
Contributions in relation to the contractually required contribution	8,551	13,670	10,747	10,869	10,517	9,890	10,166	12,742	-
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-
SIDA's covered-employee payroll	$ 106,323	93,985	68,525	80,918	77,524	70,397	70,374	92,831	N/A
Contributions as a percentage of covered-employee payroll	8.0%	14.5%	15.7%	13.4%	13.6%	14.0%	14.4%	13.7%	N/A
Salamanca Housing Authority ("SHA"):									
Contractually required contribution	$ 24,482	34,162	33,483	33,301	32,312	31,623	30,718	35,642	42,272
Contributions in relation to the contractually required contribution	24,482	34,162	33,483	33,301	32,312	31,623	30,718	35,642	42,272
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-
SHA's covered-employee payroll	$ 209,386	200,925	225,669	225,513	218,093	210,960	204,940	187,349	N/A
Contributions as a percentage of covered-employee payroll	11.7%	17.0%	14.8%	14.8%	14.8%	15.0%	15.0%	19.0%	N/A

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CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
(UNAUDITED)
LAST FIVE FISCAL YEARS

	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	$ 18,000	10,367	23,542	10,367	7,399
Interest	22,571	21,020	14,576	15,223	19,284
Changes in assumptions	(14,653)	(14,749)	(74,892)	-	124,338
Effect of economic/demographic gains or losses	37,818	13,075	125,146	(40,275)	19,378
Benefit payments	(27,374)	(23,695)	(23,053)	(23,886)	(29,743)
Prior period adjustments	-	33,537	-	-	-
Net change in total OPEB liability	36,362	39,555	65,319	(38,571)	140,656
Total OPEB liability - beginning	655,547	615,992	550,673	589,244	448,588
Total OPEB liability - ending	$ 691,909	655,547	615,992	550,673	589,244
Plan fiduciary net position					
Contributions - employer	$ 27,374	23,695	23,053	23,886	29,743
Benefit payments	27,374	23,695	23,053	23,886	29,743
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	$ -	-	-	-	-
City's net OPEB liability - ending	$ 691,909	655,547	615,992	550,673	589,244
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$ 4,329,204	4,109,815	3,804,466	3,572,530	3,458,488

The accompanying independent auditors' report should be read in conjunction with these financial statements.

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
(UNAUDITED)
YEAR ENDED MARCH 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	$ 953,098	953,098	958,019	4,921
Real property tax items	315,625	315,625	219,397	(96,228)
Nonproperty tax items	776,500	776,500	946,611	170,111
Departmental income	392,100	392,100	1,032,961	640,861
Intergovernmental charges	110,199	110,199	109,107	(1,092)
Use of money and property	43,525	43,525	166,807	123,282
Licenses and permits	14,000	14,000	12,886	(1,114)
Fines and forfeitures	15,000	15,000	25,771	10,771
Sale of property and compensation for loss	7,500	7,500	75,700	68,200
Miscellaneous	9,000	9,000	12,003	3,003
State aid	1,979,728	1,979,728	11,181,313	9,201,585
Federal aid	1,506,299	1,506,299	402,615	(1,103,684)
Total revenues	6,122,574	6,122,574	15,143,190	9,020,616
EXPENDITURES				
Current:				
General government support	1,467,480	1,467,480	1,222,442	245,038
Public safety	5,142,919	5,142,919	5,079,876	63,043
Health	135,535	135,535	96,983	38,552
Transportation	3,296,498	3,296,498	2,117,291	1,179,207
Economic assistance and opportunity	132,500	132,500	159,617	(27,117)
Culture and recreation	650,225	650,225	667,068	(16,843)
Home and community services	303,835	303,835	61,490	242,345
Employee benefits	120,600	120,600	274,916	(154,316)
Debt service:				
Principal	151,655	151,655	151,655	-
Interest and fiscal charges	10,206	10,206	10,206	-
Total expenditures	11,411,453	11,411,453	9,841,544	1,569,909
Excess (deficiency) of revenues over expenditures	(5,288,879)	(5,288,879)	5,301,646	10,590,525
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500	4,500	-	(4,500)
Transfers out	(325,000)	(325,000)	-	325,000
Total other financing sources (uses)	(320,500)	(320,500)	-	320,500
Net change in fund balances *	(5,609,379)	(5,609,379)	5,301,646	10,911,025
Fund balances—beginning	13,096,533	13,096,533	13,096,533	-
Fund balances—ending	$ 7,487,154	7,487,154	18,398,179	10,911,025

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

The accompanying independent auditors' report should be read in conjunction with these financial statements.

1. OPEB LIABILITY

Changes of Assumptions - Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which was 3.60% as of March 31, 2022. This was the same rate in effect at March 31, 2022. Mortality rates are based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Finally, the healthcare cost trend rate has an initial healthcare cost trend rate used is 4.70% for medical, while the ultimate healthcare cost trend rate is 4.20%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Economic Development Fund does not have an appropriated budget since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. Budget transfers and amendments must be approved by the Common Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriation and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. There were no outstanding encumbrances at March 31, 2023.

Excess of Expenditures Over Appropriations—For the year ended March 31, 2023, the City expenditures in excess of the final budget amount within the Economic Assistance and Opportunity, Culture and Recreation, and Employee Benefits categories of $27,117, $16,843, and $153,946, respectively, due to higher costs than what was forecasted with the budget.

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Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuente, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the Common Council
City of Salamanca, New York

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salamanca, New York (the "City") as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2025. Our report disclaims an opinion on such financial statements because of the scope of our audit was limited due to the inadequacy of accounting records and there were multiple account balances that were unsubstantiated and other account balances that remained unchanged from the prior year. We were unable to confirm or verify, by performing other audit procedures, the balances of these accounts as of and for the year ended March 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006 and 2023-007 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Member of AICPA

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co., P.C.

West Seneca, New York
December 9, 2025

We consider the deficiencies identified below to be material weaknesses in internal control:

Finding 2023-001—Knowledge of Governmental Generally Accepted Accounting Principles

Criteria: Adequate knowledge of generally accepted accounting principles in the United States ("GAAP") for governmental entities should be in place to ensure that accurate financial records are maintained to produce financial reports with complete and accurate disclosures, exclusive of the efforts of the independent auditor.

Condition and Context: The expertise in selecting and applying governmental GAAP was not present throughout the year. This condition is considered to be a weakness in internal controls as this ultimately resulted in insufficient appropriate audit evidence on which to base our audit opinion.

Cause: Insufficient knowledge in governmental GAAP throughout the year.

Effect or Potential Effect: A disclaimer of opinion on the financial statements as of and for the year ended March 31, 2023.

Recommendation: We recommend that the City Comptroller continue to work to improve the quality of the City's accounting and financial records in order to facilitation the preparation of the timely and reliable financial statements in accordance with governmental GAAP in future years.

Management's Response: The City intends to improve its procedures to address this comment.

Finding 2023-002—Financial Records

Criteria: Adequate supporting documentation should be maintained by the City for all transactions that occur during the year, including, but not limited to, cash receipts, cash disbursements, purchasing, interfund transactions, journal entries, and bank reconciliations.

Condition and Context: Throughout our audit the City was unable to provide supporting documentation or adequate documentation of approvals to substantiate many of the transactions occurring during the year ended March 31, 2023 and account balances at year-end.

Cause: Lack of appropriate internal control procedures regarding financial records throughout the year.

Effect or Potential Effect: A disclaimer of opinion on the financial statements as of and for the year ended March 31, 2023.

Recommendation: We recommend that the City reevaluate their current procedures for financial transactions and develop standard written procedures for maintaining adequate supporting financial records documentation.

Management's Response: The City intends to improve its processes to ensure that adequate supporting documentation is maintained.

Finding 2023-003—Policies and Procedures

Criteria: Internal controls over financial reporting should be designed and executed to detect and prevent potential misstatements. While the City has certain formalized accounting policies and procedures, they are not routinely enforced.

Condition and Context: The City adopted a set of accounting policies and procedures that cover the proper treatment of and internal controls surrounding the City's accounting cycles. These policies and procedures describe who is responsible for the various processes, what the proper accounting treatment is of the transactions within the general ledger, and the amount of supporting documentation to be maintained for each financial transaction. During our audit procedures, we noted that these policies and procedures were not consistently applied or enforced throughout the year.

Cause: The prescribed accounting policies and procedures are not routinely applied or enforced.

Effect or Potential Effect: Lack of proper internal controls surrounding accounting transactions.

Recommendation: We recommend that the City review the current policies to determine if they are adequate to reduce the risk of asset misappropriation and fraudulent financial reporting. We recommend that the proper prescribed procedures are routinely enforced.

Management's Response: The City will review its policies and procedures to determine if they are adequate to reduce the risk of asset misappropriation and fraudulent financial reporting.

Finding 2023-004—Journal Entries

Criteria: All manual journal entries should clearly identify the purpose of each manual journal entry, provide supporting documentation and include evidence of an independent review of each journal entry.

Condition and Context: Clearly identifying the purpose, including adequate supporting documentation and providing the evidence of an independent review of each journal entry will allow for consistent accounting treatment and ensures appropriate controls support the posting of entries to the general ledger.

Effect or Potential Effect: There is the potential the City's financial statements will not present the financial position and the changes in financial position in conformity with accounting

principles generally accepted in the United States of America. In addition, there is the potential risk of material misstatement of the City's financial statements due to fraud or error.

Cause: During the year ended March 31, 2023, we found that journal entries lacked supporting documentation and there was no evidence of an independent review of each journal entry.

Recommendation: We recommend that the City clearly identify the purpose, provide supporting documentation and include evidence of an independent review each journal entry.

Management's Response: The City intends to improve its process surrounding journal entries to abide to the formal policy.

Finding 2023-005—Bank Reconciliations

Criteria: Bank accounts should be reconciled to the general ledger for all cash accounts within a reasonable time of receiving the bank statements. This reconciliation should be signed off and dated by the preparer and then be appropriately reviewed by another party.

Condition and Context: During the year ended March 31, 2022, several bank accounts were not performed in a timely manner and others were not performed at all. Further, there was no evidence of a review on those bank reconciliations that were performed.

Effect or Potential Effect: The City is at risk of misstated general ledger account balances and exposed to increased risk of errors in reporting and the opportunity for fraud.

Cause: Bank reconciliations were not performed or reviewed consistently during the year ended March 31, 2023.

Recommendation: We recommend that the City performs timely bank reconciliations on all cash accounts. Further, these reconciliations should be reviewed by a third party.

Management's Response: The City intends to improve its bank reconciliation procedures to address the items above.

Finding 2023-006—Cash Collection Procedures

Criteria: Key cash functions including receiving deposits, recording cash receipts and preparing and making deposits should be appropriately segregated.

Condition and Context: Consistent cash receipt procedures are not being following to ensure that all cash received by the City is appropriately recorded and supported by appropriate documentation.

Effect or Potential Effect: The absence of a segregated control system presents the opportunity for the misappropriation of assets and the potential misstatement of the financial statements.

Cause: There are not consistent procedures being followed to ensure that all cash received by the City is appropriately recorded and supported by appropriate documentation.

Recommendation: We recommend that the key cash functions including receiving deposits, recording cash receipts and preparing and making deposits should be appropriately segregated including alternative procedures in place to follow in the case of the absence of a key employee.

Management's Response: The City intends to evaluate the key cash functions and update procedures to encourage proper segregation of duties.

Finding 2023-007—Budget Monitoring

Criteria: A formal policy should be established and followed regarding the budget process and budget monitoring.

Condition and Context: The City does not routinely monitor the budget throughout the year or have policies in place establishing procedures to perform budget amendments and transfers.

Effect or Potential Effect: The absence of budget monitoring policies and procedures can result in overspending when there are budget shortfalls. Additionally, budget amendments and transfers can be utilized to aid in the potential of budget shortfalls to ensure the budget is appropriate given current City spending.

Cause: There are currently no procedures in place to ensure that the City budget levels are appropriate given current needs of the City.

Recommendation: We recommend that the City formalize its policy to ensure budget monitoring is being performed continuously throughout the fiscal year. Additionally, budget amendments and transfers should be reviewed and approved on a more frequent basis to ensure that transfers are appropriate and no budget issues arise.

Management's Response: The City plans to formalize a policy regarding budget monitoring to include items as described above.